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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: NYLIFE Distributors LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

169 Lackawanna Avenue

(No. and Street)

Parsippany,

New Jersey

07054

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Albert W. Leier

973-394-3601

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

1177 Avenue of the Americas

New York

New York

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 23 2005

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FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

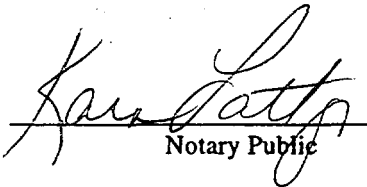
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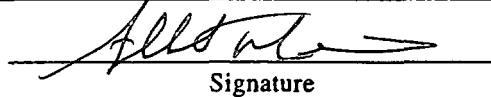
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OATH OR AFFIRMATION

I, Albert W. Leier, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NYLIFE Distributors LLC, as of December 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

KAREN LATFANZI
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES NOV. 4, 2008


Notary Public


Signature

Vice President - Financial Operations
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

NYLIFE Distributors LLC
(An affiliate of New York Life Insurance Company)
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December 31, 2004

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Report of Independent Auditors

To the Board of Managers
and Sole Member of
NYLIFE Distributors LLC:

In our opinion, the accompanying Statement of Financial Condition presents fairly, in all material respects, the financial position of NYLIFE Distributors LLC at December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Financial Condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Financial Condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall Statement of Financial Condition presentation. We believe that our audit of the Statement of Financial Condition provides a reasonable basis for our opinion.

February 23, 2005

PricewaterhouseCoopers LLP

NYLIFE Distributors LLC**(An affiliate of New York Life Insurance Company)****Statement of Financial Condition****December 31, 2004**

Assets

Cash and cash equivalents	\$ 33,154,969
Investments, at market value	24,260,538
Receivable from affiliated mutual funds	10,258,061
Receivable from non-affiliated mutual funds	3,244,058
Receivable from affiliates	175,194
Furniture and equipment, net of accumulated depreciation of \$5,482,387	168,910
Federal income taxes receivable from New York Life Insurance Company	522,776
Other assets	280,261
Deferred distribution costs, net of accumulated amortization of \$393,735,810	88,185,378
Total assets	<u>\$ 160,250,145</u>

Liabilities and Member's Equity

Payable to NYLIFE Securities Inc.	\$ 4,725,941
Payable to New York Life Insurance Company	50,493
Payable to New York Life Investment Management LLC	23,887,799
Accounts payable and accrued liabilities	5,253,256
Deferred income taxes	26,435,723
Total liabilities	<u>60,353,212</u>
Member's equity	<u>99,896,933</u>
Total liabilities and member's equity	<u>\$ 160,250,145</u>

The accompanying notes are an integral part of these financial statements.

NYLIFE Distributors LLC

(An affiliate of New York Life Insurance Company)

Notes to Statement of Financial Condition

December 31, 2004

1. Organization and Business

NYLIFE Distributors LLC (the "Company") is a Delaware limited liability and a wholly owned subsidiary of New York Life Investment Management Holdings LLC ("NYLIM Holdings"), which is a wholly owned subsidiary of New York Life Insurance Company ("NYLIC"). The Company is registered with the Securities and Exchange Commission (the "SEC") as a broker-dealer and is a member of the National Association of Securities Dealers, Inc. (the "NASD").

The Company acts as distributor for a number of affiliated mutual funds and a qualified tuition savings plan operating under Section 529 of the Internal Revenue Code. The Company also provides services to non-affiliated mutual funds which are investment options in employee benefit plans administered by an affiliate.

2. Summary of Significant Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

Deferred distribution costs appearing on the Statement of Financial Condition relates to commission expenses associated with the distribution of Class B and C shares of the MainStay Funds which are deferred and amortized over a six year period on a straight-line basis.

Short-term investments with original maturities of three months or less are considered cash equivalents. At December 31, 2004, such short-term investments consist of commercial paper of multiple issuers carried at its amortized cost of \$31,966,474, which approximates fair value.

Investments are valued at market value. At December 31, 2004, these investments consisted primarily of shares in affiliated mutual funds (MainStay International Bond Fund, International Equity Fund and Diversified Income Fund).

Securities transactions are recorded on trade date.

Current income taxes are provided for taxable earnings at the appropriate statutory rate applicable to such earnings. Deferred income taxes are provided for temporary differences between the financial reporting and the tax basis of assets and liabilities.

In the normal course of business, the Company enters into contracts that contain a variety of representations, warranties and indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve potential future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

3. Related Party Transactions

The Company is party to service agreements with NYLIC, and New York Life Investment Management ("NYLIM"), a wholly owned subsidiary of NYLIM Holdings, whereby NYLIC and

NYLIFE Distributors LLC

(An affiliate of New York Life Insurance Company)

Notes to Statement of Financial Condition

December 31, 2004

NYLIM provide services, including personnel, office, legal, accounting, administrative and other services for which the Company is charged. The Company is charged for these services based upon (a) actual costs incurred, where they are separately identifiable and (b) allocation of costs incurred by NYLIC or NYLIM developed principally through analyses of time spent on matters relating to the Company.

4. Income Taxes

The Company is a member of an affiliated group which joins in the filing of a consolidated federal income tax return with NYLIC. Estimated payments for taxes are made between the members of the consolidated group during the year. State and local returns are filed separately.

At December 31, 2004 the Company has a net deferred tax liability of \$26,435,723 attributable to the following temporary differences:

Deferred distribution costs	\$ 11,377,444
Depreciation	25,237
Unrealized investment loss	422,479
Net operating loss (life/nonlife limitation)	(620,059)
Other	15,230,622
Net deferred tax liability	<u>\$ 26,435,723</u>

Effective 2004, the IRS released final regulations clarifying that commissions paid (or accrued) with the sale of certain mutual fund shares are not required to be capitalized. These regulations are contrary to prior law which required capitalization for various specified periods. NYLIC applied for and received approval for the change of accounting method on its 2003 consolidated tax return. This has resulted in an increase in the Company's deferred tax liability in the amount \$15,230,622.

5. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined shall not exceed 15 to 1. At December 31, 2004, the Company had net capital of \$21,910,376 which was \$19,649,211 in excess of its required net capital of \$2,261,165 and the ratio of aggregate indebtedness to net capital was 1.55 to 1.

**Report of Independent Auditors on Internal Control Required
By SEC Rule 17a-5**

To the Board of Managers and
Sole Member of NYLIFE Distributors LLC:

In planning and performing our audit of the financial statement of NYLIFE Distributors LLC (the "Company") for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statement in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Managers and Sole Member of NYLIFE Distributors, LLC, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers US

February 23, 2005